



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

30210009
Task 2715

October 30, 2008

Jerry Glazier
JG Resources LLC
155 W. 100 S.
Hurricane, Utah 84737

Subject: Reclamation Surety Required, JG Resources LLC, Etna Mine, S/021/0009, Iron County, Utah

Dear Mr. Glazier:

The Division finds your amendment to the Notice of Intention to Conduct Small Mining for the Etna Mine complete. Prior to conducting mining activities the Division must approve the reclamation surety. The reclamation surety is determined to be \$21,900 for the 5-acre project escalated to year 2010 and \$24,000 Escalated to year 2012. The current surety on file is \$5,400. Please submit the difference \$16,500 for the 5-acre project escalated to year 2010 and \$18,600 Escalated to year 2012 based on the current surety on file.

Please submit the reclamation surety and Reclamation Contract within the next 30 days. No mining related disturbance can be created until the surety is received and approved, and you have received written acceptance from this office as well as other applicable agencies.

The reclamation surety can be submitted in one of several forms, including cash, an irrevocable letter of credit, a certificate of deposit, or a surety bond. Please contact Penny Berry at (801) 538-5291 or e-mail bondcoordinator@utah.gov for assistance in completing this requirement.

Thank you for your cooperation to help finalize this permitting action. In reply, please refer to file number S/021/0006.

Sincerely,

Paul Baker
Mineral Program Manager

PB:tm:vs
Task ID# 2715
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S/021/0009
0003

November 3, 2008

Zions Bank
279 West State Street
Hurricane, UT 84737

Attention: R. Craig DeMille, Branch Manager; Phone No. 435-635-4692

Subject: Reclamation Surety, Certificate of Deposit for JG Resources LLC
ETNA Mine Site, S/021/0009
Iron County, Utah, TLA Mineral Lease Number 48151

Certificate of Deposit no. _____ Principal Amount \$16,500.

This letter describes the mutually agreed upon instructions of the below signed parties to Zions Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the ETNA mine site ("Mine Site"), Iron County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$16,500 from the CD, together with other previously submitted bonds in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the Utah Trust Lands Administration ("TLA") upon demand in the event that the operator of the Mine Site is unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by JG Resources LLC, a Utah limited liability company ("Owner"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and TLA and is subject to the terms and conditions described in this agreement. Bank hereby acknowledges the pledge of

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Subject: Reclamation Surety, Certificate of Deposit for JG Resources LLC
ETNA Mine Site, S/021/0009
Iron County, Utah, TLA Mineral Lease Number 4
Certificate of Deposit no. 1 Principal Amount \$16,500

the aforesaid CD to the Division and the TLA and agrees to record the information in the Bank's written and electronic records of book entry. Further, the Bank acknowledges and agrees that it shall hold the moneys represented by the CD as a custodian and agent for the Division and shall be liable to the Division for any and all losses to the principal amount of the aforesaid CD caused in any manner whatsoever during the terms of this agreement. The Division acts as agent for the TLA. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division. The Division may request CD information on an occasional basis. This letter grants approval by JG Resources LLC, for the Bank to provide CD information to the Division any time an inquiry is made via telephone, email, or letter.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of Director of the Utah Division of Oil, Gas & Mining. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owner agrees and irrevocably instructs Bank that neither the Owner, nor any other person claiming an ownership interest in the CD which is derived from the Owner, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owner's control, or if Owner does not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

The Bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or its legal successors-in-interest. In the event of Bank cancellation/termination of the Certificate of Deposit, the Division may request a transfer or release of the certificate of deposit monies into a state managed cash account to assure or complete

Page

Subject: Reclamation Surety, Certificate of Deposit for JG Resources LLC
ETNA Mine Site, S/021/0009
Iron County, Utah, TLA Mineral Lease Number _____
Certificate of Deposit no. _____ Principal Amount \$16,500

reclamation if the Operator does not replace the Certificate of Deposit within the ninety days of Bank cancellation/termination notice. If the Bank is under a forced cancellation/termination, the Bank agrees to transfer or release the CD funds to a state managed cash account at the Division's request.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner as the Owner may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$16,500. All tax liabilities for accrued interest shall remain the sole responsibility of the Owner.

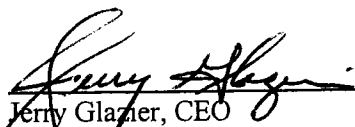
Bank will not be held liable for any dispute between the parties.

Agreed Upon By:



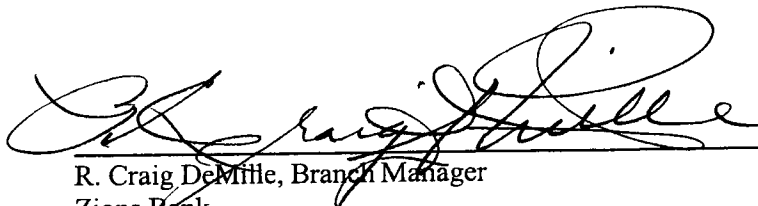
John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: 11/6/08



Jerry Glazier, CEO
JG Resources LLC
Tax ID Number: 87-0636740

Date: 11/04/08



R. Craig DeMille, Branch Manager
Zions Bank

Date: 11/3/08

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MININGMODIFICATION OF ATTACHMENT A
TO THE
RECLAMATION CONTRACTName of Operator: JG Resources LLCPermit Number: M/021/0009Mine Name: ETNA MinePhone Number: 435-635-2572

Per the executed reclamation contract, the surety agreement for reclamation obligation is included as Attachment A to the reclamation contract as follows:

Check the boxes that apply to this form:

Surety: ☐ Decrease
☒ Increase
☐ Replacement

Reason: ☐ Amendment to NOI
☐ Cancellation/ Termination of surety
☐ Escalation
☐ Partial Release of surety
☒ Other
Explain:

mine size increased from 1 acre to 5 acres

Surety Dollar Amount Associated With This Action: \$16,500Surety Aggregate Amount: \$21,900**Included in this modification (surety must be attached)**

Instrument(s):

<input type="checkbox"/> Corporate Surety	<input type="checkbox"/> Rider
<input type="checkbox"/> LOC Letter of Credit	<input type="checkbox"/> Amendment
<input checked="" type="checkbox"/> CD Certificate of deposit	<input type="checkbox"/> Addendum
<input type="checkbox"/> Cash	<input type="checkbox"/> Other

Explain:

Zions Bank, Certificate of Deposit No. () attached hereto

Other surety not affected by this modification will remain part of Attachment A and labeled as such.

This Modification will be effective as of the last date signed below

Jerry Glazier Jerry Glazier
Authorized Officer Signature Printed

Manager-CEO
Title

11/4/2008
Date

John R. Baza
Division Director John R. Baza
Utah Division of Oil, Gas and Mining

11/6/08
Date